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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, MAY 22, 2002

JOINT APPLICATION OF

CASCADE MOUNTAIN PROPERTY
OWNERS ASSOCIATION, INCORPORATED

CASE NO. PUE-2002-00239

and

CASCADE MOUNTAIN WATER COMPANY, INC.

For authority to acquire and to dispose
of utility assets pursuant to the
Utility Transfers Act and for the
issuance of certificates of public
convenience and necessity pursuant to
§§ 56-265.2 and 56-265.3

ORDER FOR NOTICE AND COMMENT

On April 19, 2002, Cascade Mountain Property Owners Association, Incorporated ("Association"), and Cascade Mountain Water Company, Inc. (the "Company"), (collectively, "Joint Applicants"), filed a joint application with the State Corporation Commission ("Commission") requesting authority, pursuant to the Utility Transfers Act, for the Company to acquire and for the Association to dispose of the water utility assets serving the subdivision known as the Cascade Mountain Resort. The Cascade Mountain Resort is located in Carroll County, Virginia.

Effective April 9, 2002, the new Case Management System requires that the case number format for all Commission orders change from, e.g., PUE010663 to the following: PUE-2001-00663.

The Joint Applicants also request that the Commission issue the Company certificates of public convenience and necessity pursuant to §§ 56-265.2 and 56-265.3 of the Code of Virginia. In addition, the Company requests approval of its proposed rates, rules, and regulations of service.¹ Specifically, the Company proposes the following:

WATER RATES

1. Service Connections:

- (a) 3/4-inch service connection . . . \$450.00
- (b) Service connection over 3/4-inch . . . actual cost to the Company plus gross-up for taxes and applicable charges but, in no event, less than that for 3/4-inch connection.
- (c) Minimum charge:

There shall be an annual minimum service charge of \$150.00 for water service, and no bill will be rendered for less than the minimum charge, except that the minimum service charge will be pro-rated when water service is provided for less than a full year. The minimum service charge shall become effective when water service is connected to the lot.

¹By letter dated May 9, 2002, counsel for the Joint Applicants represents that the Company's proposed rates and charges will not result in an increase in the Cascade Mountain Property Owners' annual costs. Those property owners are currently charged an annual assessment of either \$450.00 (for homeowners) or \$225.00 (for lot owners) for the operation and maintenance of the roads, the swimming pool, the common areas, and the provision of water service.

The Association will reduce its annual assessment for services other than water to \$300.00 (for homeowners) or \$125.00 (for lot owners), and the Company will charge homeowners a \$150.00 annual minimum charge for water service and lot owners an annual charge of \$100.00. Thus, such property owners will pay no more for such services than they are currently charged.

Bills for water service shall be rendered annually in advance.

The Company also proposes to charge an annual availability fee of \$100.00 for residential lots that do not receive water service but the service runs adjacent to, or in front of, the customer's property and is available upon request. In addition, the Company proposes a \$6.00 bad check charge, a \$35.00 turn-on charge to restore service for non-payment of any bill or for violation of the Company's rules and regulations of service, and a \$35.00 charge to terminate water service at the customer's request. Finally, the Company proposes a maximum customer deposit equal to the customer's estimated liability for two months' usage and a 1½% per month late payment charge.

NOW THE COMMISSION, having considered the joint application and applicable law, is of the opinion that the matter should be docketed, notice should be given, and interested persons should have the opportunity to comment and/or request a hearing.

Accordingly, IT IS ORDERED THAT:

(1) This matter shall be docketed as Case No. PUE-2002-00239.

(2) The Company shall make a copy of the application and exhibits available for public inspection during regular business hours at the Hillsville Public Library, 101 Beaverdam Road, Hillsville, Virginia 24343.

(3) The Company shall respond to written interrogatories or data requests within seven (7) days after receipt of same. Except as modified herein, discovery shall be in accordance with Part IV of the Commission's Rules of Practice and Procedure, 5 VAC 50-20-260.

(4) On or before July 1, 2002, the Company shall mail the following notice (bill inserts are acceptable) to all customers in the Company's proposed service territory:

NOTICE OF THE JOINT APPLICATION OF
CASCADE MOUNTAIN PROPERTY OWNERS
ASSOCIATION, INCORPORATED, AND CASCADE
MOUNTAIN WATER COMPANY, INC.
CASE NO. PUE-2002-00239

Notice is hereby given that Cascade Mountain Property Owners Association, Incorporated (the "Association"), and Cascade Mountain Water Company, Inc. (the "Company"), (collectively, "Joint Applicants"), filed a joint application with the State Corporation Commission ("Commission") requesting authority, pursuant to the Utility Transfers Act, for the Company to acquire and for the Association to dispose of the water utility assets serving the subdivision known as the Cascade Mountain Resort in Carroll County, Virginia.

The Joint Applicants also request that the Commission issue the Company certificates of public convenience and necessity pursuant to §§ 56-265.2 and 56-265.3 of the Code of Virginia. In addition, the Company requests approval of its proposed rates, rules, and regulations of service. Specifically, the Company proposes the following:

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The Company also proposes to charge an annual availability fee of \$100.00 for residential lots that do not receive water service but the service runs adjacent to, or in front of, the customer's property and is available upon request. In addition, the Company proposes a \$6.00 bad check charge, a \$35.00 turn-on charge to restore service for non-payment of any bill or for violation of the Company's rules and regulations of service, and a \$35.00 charge to terminate water service at the customer's request. Finally, the Company proposes a maximum customer deposit equal to the customer's estimated liability for two months' usage

and a 1½ percent per month late payment charge.

PLEASE TAKE NOTICE that while the total revenue requirement that may be approved is limited to the amount requested by the Company, the rates, charges, and tariffs approved by the Commission may differ from those approved by the Company.

A copy of the joint application is available for public inspection during regular business hours at Hillsville Public Library, 101 Beaverdam Road, Hillsville, Virginia 24343. The application is also available for inspection from 8:15 a.m. to 5:00 p.m., Monday through Friday, at the Commission's Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia 23218.

Any person who would like to comment and/or request a hearing on the joint application may do so, on or before July 29, 2002, by addressing such comments or request to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia, and shall refer to Case No. PUE-2002-00239. Requests for a hearing shall state why a hearing is necessary and why such issues cannot be adequately addressed in written comments.

A copy of such comments or request for hearing must also be sent to: Wilburn C. Dibling, Jr., Esquire, Gentry Locke Rakes & Moore, P.O. Box 40013, Roanoke, Virginia 24022-0013.

If no sufficient request for hearing is received, a formal hearing with oral testimony may not be held, and the Commission may make its decision administratively based upon the papers filed in this proceeding.

CASCADE MOUNTAIN PROPERTY OWNERS ASSOCIATION,
INCORPORATED, AND CASCADE MOUNTAIN WATER COMPANY, INC.

(5) On or before July 1, 2002, the Company shall serve a copy of this Order on the chairman of the board of supervisors of any county and upon the mayor or manager of any county, city, or town (or equivalent officials in the counties, town, or cities having alternate forms of government) lying within the Company's service area. Service shall be made by first-class mail or delivery to the customary place of business or residence of the person served.

(6) On or before July 29, 2002, the Company shall provide the Commission with proofs of notice required in Ordering Paragraphs (4) and (5).

(7) On or before July 29, 2002, any interested person who would like to comment and/or request a hearing on the joint application shall address such comments or request to: Joel H. Peck, Clerk, State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Requests for hearing shall state why a hearing is necessary and why such issues cannot be adequately addressed in written comments. A copy of such comments or request shall be sent simultaneously to

Wilburn C. Dibling, Jr., Esquire, Gentry Locke Rakes & Moore,
P.O. Box 40013, Roanoke, Virginia 24022-0013.

(8) Appropriate members of the Commission's Staff shall review the application and shall submit, on or before August 23, 2002, a report presenting their findings and recommendations.

(9) On or before September 5, 2002, the Company and interested persons shall file a response, if any, to the Staff Report.